

May 22, 2023

Maryland Homeowner Assistance Fund: FAQs for Mortgage Servicers

The Maryland Department of Housing and Community Development and the Office of the Commissioner of Financial Regulation have prepared this frequently-asked-questions document for mortgage servicers regarding Maryland's Homeowner Assistance Fund program.

MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

The Maryland Department of Housing and Community Development (DHCD) is the sole administrator of Maryland's Homeowner Assistance Fund (HAF) program. Servicer onboarding documents are at the bottom of the MD HAF page at dhcd.maryland.gov/Residents/Pages/HomeownerAssistanceFund/ProgramOverview.aspx. DHCD has provided answers to the following questions relating to communication with servicers and administration of the program.

Q1: How long does the initial review take for HAF applications?

A1: An initial review for application compliance takes about four (4) days. At this stage, an applicant is deemed to have a complete and valid application under consideration for the MD HAF program.

Q2: When does DHCD provide notification to the servicer that a homeowner has submitted a HAF application?

A2: Once the initial review is complete, servicers are notified that the homeowner has applied for the MD HAF Program. This notification is sent with the weekly "aged records" report. Each week, servicers should be notified of homeowners with mortgages associated with their financial institution that have applied to the MD HAF program in the last week.

Q3: How does DHCD provide notifications or submit requests for information to servicers throughout the HAF application review process?

A3: The MD HAF program utilizes the CDF for the vast majority of communication with servicers. Once notified of a submitted application, the next communication will be through the CDF. After this point, almost all communication will be through the CDF, except in the case of a homeowner with a complicated situation that requires individual communication through email. Emails are remitted to the individuals designated as points of contact in the executed Collaboration Agreement submitted to DHCD by the servicer.

Q4: What is the purpose of the HAF preliminary approval letter and when is it sent? Does the preliminary approval letter reflect DHCD's decision based on the V record?

A4: The HAF Preliminary Approval letter is sent to an applicant prior to a final approval review and remittance of MD HAF closing documents. If mortgage assistance is approved, the amount preliminarily approved will reflect the amount indicated by the servicer in the V record. The letter generally serves as a notice of application final review and setting expectations of reviewing and executing closing documents.

Q5: How long does it take the State to approve and release the funds once the homeowner is approved for HAF? How can the homeowner contact HAF to determine the status of the funds?

A5: The MD HAF program is committed to remitting funds to servicers before the Good Through Date as communicated in the CDF transmission. Once the A record is sent to the servicer, cash should be received by the servicer within 7-10 calendar days. The homeowner may contact the MD HAF call center at 1-833-676-0119 for payment updates.

Q6: Where should a servicer direct a homeowner whose application has been denied?

A6: Applicants denied for assistance may appeal the decision if the conditions that caused the decision have changed, thereby making the applicant potentially eligible. Applicants are also encouraged to seek out the assistance of a housing counselor. They can find a housing counseling resource close to them at dhcd.maryland.gov/Residents/Pages/HOPE/CounselorsList.aspx or by calling 1-877-462-7555.

Q7: If the amount of default is more than all relief available to a single borrower, will HAF still process the homeowner's application?

A7: In the event an applicant's mortgage delinquency exceeds the available funding through HAF (\$40,000 or \$60,000 depending on AMI qualifications), MD HAF will explore a mortgage modification with the servicer to resolve the delinquency through other means.

Q8: Will the maximum amount of \$60,000 still be paid if the homeowner is unable or unwilling to pay the remaining debt?

A8: The delinquency must be cured through the remittance of MD HAF funds. Therefore, an applicant may make a payment to reduce the delinquency before applying or before the V record is received. If the applicant is unable or unwilling to pay the remaining debt, the MD HAF program will defer to options through a potential mortgage modification.

Q9: If there's a pre-COVID delinquency, will the homeowner automatically be denied or will they be eligible for funds for the post-COVID delinquency only?

A9: The US Treasury has provided guidance that pre-COVID delinquencies may be covered by HAF funds.

Q10: Will a homeowner be denied for HAF if they are already in a modification status?

A10: The borrower must be delinquent 90 days to receive assistance. If the existence of a modification has cured the delinquency or the default post-modification has not reached 90 days, the applicant will be processed for non-mortgage expenses, as applicable.

Q11: Should an obstacle be filed if the homeowner is already in the modification process?

A11: The servicer is encouraged to explore the use of HAF funds up to the point of an executed loss mitigation package. Once the loss mitigation package has been executed, a servicer may remit an obstacle to MD HAF for the applicable homeowner.

Q12: Why does HAF submit accounts for the P program before looking to see if they can be reinstated if they are under the cap for the R program?

A12: The MD HAF uses a housing ratio of 50% to determine whether a homeowner is eligible for the reinstatement (R), unemployment (U), or modification (P) programs. This is an assessment of their monthly mortgage payment against their monthly gross household income. If the applicant's housing ratio is over 50%, the MD HAF program will defer to the unemployment (U) option or to the modification workflow if a delinquency is above the program cap.

Q13: Will Maryland be participating in the deferral/partial claim payoff program?

A13: The MD HAF program will be an eager partner in employing any loss mitigation strategy to resolve the delinquency of applicants.

Q14: Is Maryland considering offering an R + U program?

A14: As of May 15, 2023, the MD HAF program is offering the U program to all eligible HAF applicants' files that exceed the 50% housing ratio (see question 12 above).

Q15: Is HAF made aware of the dates of pending foreclosure sales?

A15: MD HAF is only made aware of pending foreclosure sales through disclosure by the applicant or from the servicer in the CDF.

Q16: How many times can a homeowner apply for HAF assistance?

A16: An applicant shall only apply for HAF assistance through a single application. If the applicant receives assistance and experiences additional eligible delinquencies, they may apply for additional assistance through an Additional Funding Request (AFR). Applicants are eligible for \$40,000 or \$60,000 and may draw on this balance until exhausted.

*For further information on these or other questions relating to the administration of the HAF program, please email haf.applications@maryland.gov or Brandon Smith (brandon.smith@maryland.gov) at the Maryland Department of Housing and Community Development. **Please do not contact the Office of the Commissioner of Financial Regulation regarding HAF program administration matters.***

OFFICE OF THE COMMISSIONER OF FINANCIAL REGULATION

Maryland's Office of the Commissioner of Financial Regulation (OCFR) enforces various laws and regulations governing the conduct of certain financial institutions. OCFR provided answers to the following questions regarding the application of certain such laws and regulations as they relate to the MD HAF program. Refer to [guidance issued December 29, 2022](#) for further information.

Q1: When should a foreclosure be placed on hold?

A1: The foreclosure should be placed on hold when the servicer is notified by DHCD that the homeowner has submitted a HAF application. This is pursuant to OCFR guidance.

Q2: The 14-day reasonable time standard was removed from OCFR's recent guidance. However, industry is requesting to know how much time is considered "reasonable" before they are permitted to release the hold on a file and proceed with foreclosure.

A2: Pursuant to OCFR guidance, OCFR will not define what is considered "reasonable" and/or how many days a servicer must hold before proceeding with foreclosure. DHCD's timeline to render a decision on a HAF application depends on several variables, including but not limited to the number of days it takes for a servicer to respond to requests submitted through the CDF. DHCD is working to make sure that applications are reviewed and servicers are notified of a final decision as soon as possible.

As reminder, pursuant to OCFR's guidance, servicers should not file a Final Loss Mitigation Affidavit for a borrower that has applied for HAF until a HAF decision has been made. As also stated in OCFR guidance, "a servicer that offers a borrower a modification will be considered in compliance if they provide that borrower an opportunity to receive a HAF determination before accepting or rejecting the modification offer."

Additionally, if a servicer files a Final Loss Mitigation Affidavit in a foreclosure action, but does not cooperate in the HAF application process or refuses to accept HAF funds on behalf of a borrower, the servicer may be deemed to have made a misstatement or misrepresentation in violation of Maryland's Mortgage Fraud Protection Act.

For further information on these or other questions relating to the application of servicing-related or foreclosure laws and regulations to the MD HAF program, please email Assistant Commissioner Shereefat Balogun at shereefat.balogun@maryland.gov.